GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:828
ANSWERED ON:19.07.2002
FUNDS TO ASSAM
MONI KUMAR SUBBA

Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Assam has sought compensation for the deficit grant awarded by the 11th Finance Commission and early release of outstanding sales tax dues amounting to around Rs. 500 crore;

(b) if so, whether the State Government of Assam had also pointed out that the 11th Finance Commission had erred in its estimates of the States non-plan revenue deficit, which led to reduced devolution by about Rs. 1000 crore;

(c) if so, the precise requests made by the State Government of Assam and the bases thereof; and

(d) the Union Government`s response thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G GEETE)

(a) & (b): Yes, Sir.

(c) & (d): The Government of Assam has represented that `other non-plan grants` projected by the Eleventh Finance Commission (EFC) for the period 2000-05 in respect of Assam appears to have been over-estimated by about Rs.1000 croreresulting in a corresponding decrease in non-plan revenue deficit grant to the State. The State Government has requested to examine the matter and take remedial action.

Government of India has examined this issue. There is no basis for presuming that any error has occurred in the Commission`s estimation of Assam`s non-plan revenues and expenditure over the projected period. The EFC has made its recommendations on devolution to States after making a holistic assessment of revenue and expenditure of both the States and the Centre and keeping in mind the need for vertical and horizontal equity. The Government of India has since accepted the recommendations of the EFC relating to devolution of Central taxes and duties and grants-in-aid to States.

The State Government has also represented that the Indian Oil Corporation (IOC), being exclusive marketer of Bongaigaon Refinery and Petrochemicals Ltd. (BRPL), is liable to pay sales tax of about Rs. 500 crore to the State Government under the Assam General Sales Tax Act, 1993.

As per the directions of the Ministry of Petroleum and Natural Gas, IOC has releasedRs.86.41 crore, being the principal amount collected as sales tax by IOC during the period July 1993 to September 1998 to Assam. In addition, interest amounting to Rs.54.77 crore upto 31st May, 2002 has also been paid to the Government of Assam on `on account` basis.